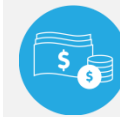


2. EDUCATION CLUSTER

2.1 Introduction

The Education cluster delivers and regulates education and training services for NSW students, workers and industry. This includes the early childhood education and care sector, government and non-government schools, and the vocational education and training sector.



\$18.6 billion

Recurrent Expenses 2019-20



\$2.4 billion

Capital Expenditure 2019-20

Contribution to the Government's Priorities

The Education cluster contributes to delivering the following Government priority:

- Highest quality education no matter where you live or what your circumstances may be.

State Outcomes to be delivered by the Education cluster

State Outcome	Description
Educational foundations for success	Providing a high standard of education for children and young people through the State's public school system, and providing support to non-government schools.
Best start in life for young children	Regulating and overseeing the delivery of accessible and high-quality early childhood education services.
Equipping teachers with the best skills for educating our young people	Improving teacher quality in New South Wales through the regulation and accreditation of school and early childhood teachers by the New South Wales Education Standards Authority (NESA).
Skilled and employable workforce	Contributing to job growth by delivering a highly skilled workforce that meets current and future requirements of NSW businesses and industry, including the activities of TAFE NSW.

2.2 2019-20 Budget Highlights

In 2019-20, the Education cluster will spend more than \$20.9 billion (\$18.6 billion recurrent expenses and \$2.4 billion capital expenditure). Key initiatives are highlighted below.

Educational foundations for success

- New South Wales was the first state to sign the original Gonski Agreement, and has now signed the National School Reform Agreement (NSRA) for 2019 to 2023, highlighting a commitment to deliver needs-based funding to government and non-government schools. Under the NSRA, New South Wales has committed to implement national policy initiatives, and a series of state-based reforms across government and non-government schools
- 4,600 extra teachers will be recruited across government schools in New South Wales over four years to meet population growth and provide more targeted support to the students that need it most. This investment will deliver the highest number of teachers in government schools in the State's history
- \$1.4 billion to support non-government schools in 2019-20, including additional funding for non-government school essential capital works under the Building Grants Assistance Scheme
- \$917.4 million over four years to build eight new schools and significantly upgrade a further 32 schools, bringing the Government's total investment in school infrastructure to \$6.7 billion over the next four years
- \$500 million over four years to support non-government schools to build, extend or upgrade their facilities to provide more student places in growing communities
- \$449 million to clear the existing school maintenance backlog in all public schools by July 2020, bringing the total investment to more than \$1.3 billion over five years
- \$120 million over four years to expand before and after school care, making it available to all parents with children at public primary schools by 2021
- \$88.4 million over four years to employ 100 additional school counsellors or psychologists and an additional 350 student support officers, as well as dedicated services for rural and remote students, to ensure public high school students across the State have access to mental health and wellbeing support
- \$10 million over four years for the Sustainable Schools Program to help schools and students develop innovative and hands-on solutions outside the classroom to reduce, re-use and recycle in order to make their school environments more sustainable
- \$8 million over four years for Foodbank NSW and ACT Limited to expand the School Breakfast 4 Health program to a further 500 schools
- \$7.4 million over four years to upgrade 11 public schools, including installation of solar panels, covered outdoor learning areas and upgrades to sports facilities
- \$2 million over four years to support Life Education NSW to continue to deliver the Healthy Harold program and promote healthy lifestyles in schools
- \$0.2 million to support the NSW Federation of Community Language Schools to assist students to learn a second language
- The Department of Education will trial a Year 1 phonics screening check in select public schools in order to help boost literacy outcomes in the early years. The trial will be 'opt in' – giving principals the freedom to choose whether they want to participate.

Best start in life for young children

- \$526.7 million in 2019-20 (recurrent expenses). This includes the Start Strong program to support preschool education across New South Wales, in both community preschools and long day care centres. Funding support will be provided for all three-year olds in community preschools from 1 January 2019. This funding will support universal access to two years of early childhood education, continuing a commitment made in the 2018-19 Budget
- \$20 million over four years for new and existing community preschools to build, renovate or extend their facilities to cater for increasing enrolments across the state
- \$1.8 million over two years to support Playgroup NSW to establish 'Play Strong' playgroups to support early learning pathways for vulnerable communities across New South Wales.

Equipping teachers with the best skills for educating our young people

- \$146.2 million in 2019-20, including for the administration of the Higher School Certificate and NAPLAN in government and non-government schools.

Skilled and employable workforce

- \$2.4 billion in 2019-20 (\$2.3 billion recurrent expenses and \$137.5 million capital expenditure) to support TAFE NSW and support vocational education and training across New South Wales
- \$79.6 million over four years to deliver a new TAFE super campus for Western Sydney specialising in construction trades
- \$71 million over four years for an additional 100,000 free TAFE and VET courses, including 70,000 fee-free courses for young job-seekers combining work and study through a traineeship, and 30,000 free TAFE places for mature-aged workers seeking to retrain or re-enter the workforce
- \$61.7 million over four years to construct eight new TAFE Connected Learning Centres in rural and regional locations, including at Byron Bay, Nelson Bay, Batemans Bay, Jindabyne, Nambucca Heads, Hay, Cobar and West Wyalong
- \$5.9 million over four years to offer online courses for women to build their financial literacy and business start-up skills, together with mentoring, networking and coaching opportunities from January 2020.

2.3 Machinery of Government

Under the *Administrative Arrangements (Administrative Changes - Public Service Agencies) Order 2019*, the following changes to the Education cluster are effective 1 July 2019:

- the following functions and agency transfer from the former Industry cluster into the Education cluster:
 - TAFE Commission
 - the other functions of the former Industry cluster associated with the administration of legislation allocated to the Minister for Skills and Tertiary Education
- Aboriginal Affairs NSW transfers from the Education cluster to the Premier and Cabinet cluster.

2.4 Overview of cluster expenses by State Outcome

A summary of expenses by State Outcome is provided in the charts below.

Chart 2.1: Recurrent expenses^(a) by outcome 2019-20 (dollars and %)



- (a) The figures in the above chart are cluster eliminated expenses due to material intra-cluster payments to TAFE NSW
- (b) Grouped for presentation purposes, "Other State Outcomes" comprises:
- Best start in life for young children
 - Equipping teachers with the best skills for educating our young people.

Chart 2.2: Capital expenditure^(c) by outcome 2019-20 (dollars and %)



- (c) The figures in the above chart are cluster eliminated expenses due to intra-cluster payments to TAFE NSW
- (d) Grouped for presentation purposes, "Other State Outcomes" comprises:
- Equipping teachers with the best skills for educating our young people
 - Skilled and Employable Workforce.

2.5 Agency Expense Summary

The 2019-20 Budget for the Department of Education (and other agencies within the cluster) is listed in the table below.

In 2019-20, the Department of Education will spend \$20.4 billion (\$18.2 billion recurrent expenses and \$2.2 billion capital expenditure).

Education cluster	Expenses ^(a)			Capital Expenditure		
	2018-19	2019-20	Change	2018-19	2019-20	Change
	Revised	Budget		Revised	Budget	
	\$m	\$m	%	\$m	\$m	%
Department of Education	15,134.8	18,158.7	20.0 ^(c)	1,674.5	2,242.6	33.9
Cluster Grants	136.0	34.4	(74.7) ^(d)	...	...	...
Total Principal Agency	15,270.7	18,193.2	19.1	1,674.5	2,242.6	33.9
NSW Education Standards Authority	172.7	146.2	(15.3) ^(e)	1.4	2.2	59.4
Total Agency	172.7	146.2	(15.3)	1.4	2.2	59.4
Agencies transferred from: Industry (GG) Cluster^(b)						
TAFE Commission	1,794.7	1,850.3	3.1	146.1	137.2	(6.1)
Total Transferred In Agency	1,794.7	1,850.3	3.1	146.1	137.2	(6.1)

(a) This table shows expenses on an uneliminated cluster basis.

(b) The TAFE Commission transfers from the former Industry cluster effective 1 July 2019.

(c) For 2019-20, the Education cluster includes the functions of the former Industry cluster under legislation allocated to the Minister for Skills and Tertiary Education effective 1 July 2019 excluding the TAFE Commission which is reported separately. For 2019-20, the Education cluster transfers Aboriginal Affairs NSW to the Premier and Cabinet cluster.

(d) Reduction in cluster grants due to NESA services, which will now be directly paid by the Department of Education.

(e) Expenses for the NSW Education Standards Authority were higher in 2018-19 due to one-off items such as the implementation of NAPLAN Online and NSW Curriculum Review.

Note: Some sub-totals in this table may not be exactly equal to the sum of agency totals due to rounding.

2.6 Financial Statements

Department of Education

Operating Statement

	2018-19		2019-20
	Budget	Revised	Budget
	\$000	\$000	\$000
Expenses Excluding Losses			
Operating Expenses -			
Employee Related	9,850,821	10,053,920	10,914,883
Personnel Services Expenses	...	...	...
Other Operating Expenses	3,168,866	2,529,704	2,500,624
Grants and Subsidies	1,989,221	1,962,870	3,999,658
Appropriation Expense	...	...	...
Depreciation and Amortisation	657,704	704,757	757,594
Finance Costs	19,823	19,471	19,799
Other Expenses	644	...	613
TOTAL EXPENSES EXCLUDING LOSSES	15,687,079	15,270,722	18,193,171
Revenue			
Appropriation Revenue	14,838,776	14,686,601	18,085,890
Cluster Grant Revenue	...	...	...
Acceptance by Crown Entity of Employee Benefits and Other Liabilities	385,558	375,072	349,752
Transfers to the Crown Entity	...	...	...
Sales of Goods and Services	529,361	465,370	675,079
Grants and Contributions	379,778	437,104	353,435
Investment Revenue	11,337	12,337	17,830
Retained Taxes, Fees and Fines	...	...	...
Other Revenue	83,209	94,923	81,261
Total Revenue	16,228,019	16,071,407	19,563,246
Gain/(loss) on Disposal of Non Current Assets	...	(16,220)	...
Other Gains/(Losses)	...	(391)	...
Net Result	540,940	784,074	1,370,075

Balance Sheet

	2018-19		2019-20
	Budget	Revised	Budget
	\$000	\$000	\$000
Assets			
Current Assets			
Cash Assets	767,445	754,976	892,710
Taxes Receivable	...	...	...
Receivables	166,378	219,291	254,710
Inventories	...	...	...
Financial Assets at Fair Value	...	...	...
Other Financial Assets	...	...	...
Other	...	...	...
Assets Held For Sale	...	250	250
Total Current Assets	933,822	974,517	1,147,670
Non Current Assets			
Taxes Receivable	...	...	...
Receivables	62	53	53
Inventories	...	...	...
Financial Assets at Fair Value	...	...	...
Equity Investments	...	...	...
Property, Plant and Equipment -			
Land and Building	33,174,984	31,733,787	33,172,390
Plant and Equipment	307,010	315,991	327,278
Infrastructure Systems	...	...	...
Investment Properties	...	...	...
Intangibles	292,204	267,826	232,335
Other Assets	...	...	...
Total Non Current Assets	33,774,260	32,317,657	33,732,056
Total Assets	34,708,082	33,292,175	34,879,727
Liabilities			
Current Liabilities			
Taxes Payable	...	...	...
Payables	469,447	661,063	661,695
Other Financial Liabilities at Fair Value	...	...	...
Borrowings	7,269	147,768	35,399
Provisions	867,389	901,784	1,053,899
Other	100,275	43,038	43,920
Liabilities Associated with Assets Held for Sale	...	...	...
Total Current Liabilities	1,444,380	1,753,653	1,794,913
Non Current Liabilities			
Taxes Payable	...	...	...
Payables	...	...	...
Other Financial Liabilities at Fair Value	...	...	...
Borrowings	148,861	145,252	316,408
Provisions	33,062	41,175	41,175
Other	2,578	27,552	32,613
Total Non Current Liabilities	184,502	213,980	390,197
Total Liabilities	1,628,882	1,967,633	2,185,110
Net Assets	33,079,200	31,324,542	32,694,617
Equity			
Accumulated Funds	14,297,866	14,407,091	15,777,166
Reserves	18,781,334	16,917,451	16,917,451
Capital Equity	...	...	...
Total Equity	33,079,200	31,324,542	32,694,617

Cash Flow Statement

	2018-19		2019-20
	Budget	Revised	Budget
	\$000	\$000	\$000
Cash Flows From Operating Activities			
Payments			
Employee Related	9,441,874	9,656,745	10,491,516
Personnel Services	...	...	...
Grants and Subsidies	1,989,221	1,962,870	3,999,658
Finance Costs	19,823	19,471	19,799
Equivalent Income Tax	...	...	...
Other Payments	3,397,305	2,738,140	2,796,089
Total Payments	14,848,224	14,377,226	17,307,061
Receipts			
Appropriation	14,838,776	14,686,601	18,085,890
Cluster Grant Revenue	...	...	...
Cash reimbursements from the Crown Entity	...	...	...
Sale Proceeds Transfers to the Crown Entity	...	...	...
Cash transfers to the Crown Entity	...	...	...
Sale of Goods and Services	529,361	440,647	643,009
Retained Taxes, Fees and Fines	...	...	...
Interest Received	3,297	12,337	17,830
Grants and Contributions	378,046	422,561	349,233
Other Receipts	312,110	322,703	321,087
Total Receipts	16,061,590	15,884,850	19,417,501
Net Cash Flows From Operating Activities	1,213,366	1,507,624	2,110,440
Cash Flows From Investing Activities			
Proceeds from Sale of Property, Plant and Equipment	275,457	640	295,112
Purchases of Property, Plant and Equipment	(1,611,924)	(1,674,480)	(2,225,480)
Proceeds from Sale of Investments	...	...	...
Purchases of Investments	...	...	...
Advances Repayments Received	...	...	...
Advances made	...	...	...
Other Investing	...	...	...
Net Cash Flows From Investing Activities	(1,336,467)	(1,673,840)	(1,930,368)
Cash Flows From Financing Activities			
Proceeds from Borrowings and Advances	...	...	...
Repayment of Borrowings and Advances	(6,965)	(6,961)	(42,338)
Dividends Paid	...	...	...
Other Financing	...	...	...
Capital Appropriation - Equity Appropriation	...	...	...
Cash Equity Injection to For-Profit Entities	...	...	...
Net Cash Flows From Financing Activities	(6,965)	(6,961)	(42,338)
Net Increase/(Decrease) in Cash	(130,066)	(173,177)	137,734
Opening Cash and Cash Equivalents	897,511	928,153	754,976
Reclassification of Cash Equivalents	...	...	...
Cash transferred in (out) as a Result of Administrative Restructuring	...	...	...
Closing Cash and Cash Equivalents	767,445	754,976	892,710

NSW Education Standards Authority

Operating Statement

	2018-19		2019-20
	Budget	Revised	Budget
	\$000	\$000	\$000
Expenses Excluding Losses			
Operating Expenses -			
Employee Related	119,763	120,617	113,367
Personnel Services Expenses	...	...	...
Other Operating Expenses	40,244	50,277	25,876
Grants and Subsidies	...	...	...
Appropriation Expense	...	...	...
Depreciation and Amortisation	1,361	1,782	6,865
Finance Costs	...	...	113
Other Expenses	...	...	...
TOTAL EXPENSES EXCLUDING LOSSES	161,369	172,675	146,220
Revenue			
Appropriation Revenue	...	...	...
Cluster Grant Revenue	126,297	135,961	34,389
Acceptance by Crown Entity of Employee Benefits and Other Liabilities	2,815	2,814	2,747
Transfers to the Crown Entity	...	...	...
Sales of Goods and Services	30,450	29,764	104,326
Grants and Contributions	1,784	2,451	1,771
Investment Revenue	208	...	212
Retained Taxes, Fees and Fines	...	...	...
Other Revenue	518	2,895	805
Total Revenue	162,072	173,885	144,249
Gain/(loss) on Disposal of Non Current Assets	10	...	10
Other Gains/(Losses)	...	...	...
Net Result	713	1,210	(1,961)

Balance Sheet

	2018-19		2019-20
	Budget	Revised	Budget
	\$000	\$000	\$000
Assets			
Current Assets			
Cash Assets	7,879	5,892	3,947
Taxes Receivable	...	...	...
Receivables	4,629	4,616	4,629
Inventories	1,779	1,712	1,712
Financial Assets at Fair Value	...	...	...
Other Financial Assets	...	...	...
Other	...	...	...
Assets Held For Sale	...	...	...
Total Current Assets	14,288	12,220	10,288
Non Current Assets			
Taxes Receivable	...	...	...
Receivables	...	...	...
Inventories	...	...	...
Financial Assets at Fair Value	...	...	...
Equity Investments	...	...	...
Property, Plant and Equipment -			
Land and Building	1,650	1,532	3,511
Plant and Equipment	277	467	463
Infrastructure Systems	...	...	...
Investment Properties	...	...	...
Intangibles	6,955	7,870	7,940
Other Assets	...	...	...
Total Non Current Assets	8,881	9,869	11,914
Total Assets	23,168	22,089	22,202
Liabilities			
Current Liabilities			
Taxes Payable	...	...	...
Payables	9,773	10,210	10,210
Other Financial Liabilities at Fair Value	...	...	...
Borrowings	...	...	591
Provisions	4,532	4,532	4,532
Other	8,294	8,294	8,294
Liabilities Associated with Assets Held for Sale	...	...	...
Total Current Liabilities	22,599	23,036	23,627
Non Current Liabilities			
Taxes Payable	...	...	...
Payables	...	...	...
Other Financial Liabilities at Fair Value	...	...	...
Borrowings	...	...	1,483
Provisions	122	122	122
Other	...	...	...
Total Non Current Liabilities	122	122	1,605
Total Liabilities	22,721	23,158	25,232
Net Assets	447	(1,069)	(3,030)
Equity			
Accumulated Funds	447	(1,069)	(3,030)
Reserves	...	...	...
Capital Equity	...	...	...
Total Equity	447	(1,069)	(3,030)

Cash Flow Statement

	2018-19		2019-20
	Budget	Revised	Budget
	\$000	\$000	\$000
Cash Flows From Operating Activities			
Payments			
Employee Related	116,948	118,796	110,620
Personnel Services	...	...	...
Grants and Subsidies	...	...	...
Finance Costs	...	...	113
Equivalent Income Tax	...	...	...
Other Payments	43,444	51,561	29,076
Total Payments	160,393	170,357	139,808
Receipts			
Appropriation	...	...	...
Cluster Grant Revenue	126,297	135,961	34,389
Cash reimbursements from the Crown Entity	...	...	...
Sale Proceeds Transfers to the Crown Entity	...	...	...
Cash transfers to the Crown Entity	...	...	...
Sale of Goods and Services	30,450	34,186	104,326
Retained Taxes, Fees and Fines	...	...	...
Interest Received	208	...	212
Grants and Contributions	1,784	2,451	1,771
Other Receipts	7,826	3,213	4,005
Total Receipts	166,565	175,812	144,702
Net Cash Flows From Operating Activities	6,172	5,456	4,894
Cash Flows From Investing Activities			
Proceeds from Sale of Property, Plant and Equipment	30	...	30
Purchases of Property, Plant and Equipment	...	(280)	...
Proceeds from Sale of Investments	...	...	...
Purchases of Investments	...	...	...
Advances Repayments Received	...	...	...
Advances made	...	...	...
Other Investing	(1,584)	(1,100)	(2,200)
Net Cash Flows From Investing Activities	(1,554)	(1,380)	(2,170)
Cash Flows From Financing Activities			
Proceeds from Borrowings and Advances	...	...	...
Repayment of Borrowings and Advances	...	...	(4,656)
Dividends Paid	...	...	...
Other Financing	...	...	...
Capital Appropriation - Equity Appropriation	...	...	...
Cash Equity Injection to For-Profit Entities	...	...	...
Net Cash Flows From Financing Activities	...	...	(4,656)
Net Increase/(Decrease) in Cash	4,618	4,076	(1,932)
Opening Cash and Cash Equivalents	2,233	1,816	5,879
Reclassification of Cash Equivalents	1,028	...	...
Cash transferred in (out) as a Result of Administrative Restructuring	...	...	...
Closing Cash and Cash Equivalents	7,879	5,892	3,947

TAFE Commission

Operating Statement

	2018-19		2019-20
	Budget	Revised	Budget
	\$000	\$000	\$000
Expenses Excluding Losses			
Operating Expenses -			
Employee Related	1,155,609	1,215,356	1,268,716
Personnel Services Expenses	...	...	...
Other Operating Expenses	465,736	423,927	424,122
Grants and Subsidies	620	620	...
Appropriation Expense	...	...	...
Depreciation and Amortisation	146,536	154,826	157,482
Finance Costs	...	...	...
Other Expenses	...	...	...
TOTAL EXPENSES EXCLUDING LOSSES	1,768,501	1,794,729	1,850,320
Revenue			
Appropriation Revenue	...	...	...
Cluster Grant Revenue	60,000	60,000	...
Acceptance by Crown Entity of Employee Benefits and Other Liabilities	50,398	49,540	47,352
Transfers to the Crown Entity	...	...	...
Sales of Goods and Services	570,617	373,207	342,998
Grants and Contributions	1,016,357	1,080,073	1,474,299
Investment Revenue	4,638	2,554	2,851
Retained Taxes, Fees and Fines	...	...	...
Other Revenue	6,069	6,431	5,916
Total Revenue	1,708,081	1,571,805	1,873,417
Gain/(loss) on Disposal of Non Current Assets	...	19,367	...
Other Gains/(Losses)	...	(24,876)	...
Net Result	(60,420)	(228,433)	23,096

Balance Sheet

	2018-19		2019-20
	Budget	Revised	Budget
	\$000	\$000	\$000
Assets			
Current Assets			
Cash Assets	222,837	198,422	197,003
Taxes Receivable	...	...	...
Receivables	263,471	184,165	225,398
Inventories	...	...	...
Financial Assets at Fair Value	...	134	134
Other Financial Assets	...	...	...
Other	...	...	...
Assets Held For Sale	...	32,773	...
Total Current Assets	486,308	415,495	422,535
Non Current Assets			
Taxes Receivable	...	...	...
Receivables	2,311	4,765	4,765
Inventories	...	...	...
Financial Assets at Fair Value	557	175	175
Equity Investments	...	...	...
Property, Plant and Equipment -			
Land and Building	3,729,212	3,751,214	3,713,430
Plant and Equipment	30,194	16,220	14,380
Infrastructure Systems	...	...	1,132
Investment Properties	...	...	...
Intangibles	90,785	75,478	110,027
Other Assets	...	...	...
Total Non Current Assets	3,853,058	3,847,852	3,843,909
Total Assets	4,339,367	4,263,348	4,266,445
Liabilities			
Current Liabilities			
Taxes Payable	...	...	...
Payables	120,074	118,892	118,892
Other Financial Liabilities at Fair Value	...	...	...
Borrowings	...	...	...
Provisions	82,745	91,493	94,367
Other	145,723	125,789	88,876
Liabilities Associated with Assets Held for Sale	...	...	...
Total Current Liabilities	348,542	336,173	302,134
Non Current Liabilities			
Taxes Payable	...	...	...
Payables	...	...	...
Other Financial Liabilities at Fair Value	...	...	...
Borrowings	...	...	14,040
Provisions	2,800	2,874	2,874
Other	...	...	...
Total Non Current Liabilities	2,800	2,874	16,914
Total Liabilities	351,342	339,047	319,048
Net Assets	3,988,025	3,924,301	3,947,397
Equity			
Accumulated Funds	1,634,164	1,499,768	1,522,864
Reserves	2,353,861	2,424,533	2,424,533
Capital Equity	...	...	...
Total Equity	3,988,025	3,924,301	3,947,397

Cash Flow Statement

	2018-19		2019-20
	Budget	Revised	Budget
	\$000	\$000	\$000
Cash Flows From Operating Activities			
Payments			
Employee Related	1,101,510	1,175,816	1,218,491
Personnel Services	...	...	...
Grants and Subsidies	...	...	...
Finance Costs	...	...	...
Equivalent Income Tax	...	...	...
Other Payments	465,736	446,374	424,122
Total Payments	1,567,246	1,622,190	1,642,613
Receipts			
Appropriation	...	...	...
Cluster Grant Revenue	60,000	60,000	...
Cash reimbursements from the Crown Entity	...	...	...
Sale Proceeds Transfers to the Crown Entity	...	...	...
Cash transfers to the Crown Entity	...	...	...
Sale of Goods and Services	570,617	411,597	297,625
Retained Taxes, Fees and Fines	...	...	...
Interest Received	4,638	2,554	2,851
Grants and Contributions	1,016,357	1,080,073	1,474,299
Other Receipts	6,069	6,431	5,916
Total Receipts	1,657,682	1,560,655	1,780,692
Net Cash Flows From Operating Activities	90,436	(61,535)	138,079
Cash Flows From Investing Activities			
Proceeds from Sale of Property, Plant and Equipment	5,245	60,093	...
Purchases of Property, Plant and Equipment	(150,972)	(120,509)	(96,975)
Proceeds from Sale of Investments	...	...	...
Purchases of Investments	...	...	...
Advances Repayments Received	...	...	...
Advances made	...	...	...
Other Investing	(28,515)	(25,593)	(40,242)
Net Cash Flows From Investing Activities	(174,242)	(86,009)	(137,217)
Cash Flows From Financing Activities			
Proceeds from Borrowings and Advances	...	...	...
Repayment of Borrowings and Advances	...	...	(2,282)
Dividends Paid	...	...	...
Other Financing	...	100,000	...
Capital Appropriation - Equity Appropriation	...	...	...
Cash Equity Injection to For-Profit Entities	...	...	...
Net Cash Flows From Financing Activities	...	100,000	(2,282)
Net Increase/(Decrease) in Cash	(83,806)	(47,544)	(1,420)
Opening Cash and Cash Equivalents	306,643	245,967	198,422
Reclassification of Cash Equivalents	...	...	...
Cash transferred in (out) as a Result of Administrative Restructuring	...	...	...
Closing Cash and Cash Equivalents	222,837	198,422	197,003